A Monthly Report from the Consumer Research Center July 1990

Consumer Confidence Survey

Consumers: Signs of Concern

Consumer confidence, which had remained reasonably steady since the beginning of the year, registered a significant decline in June. The current reading of the Board's Confidence Index (1985 = 100) is 102.5, a decline of almost five points for the month. People are now both less comfortable with the prevailing situation and less optimistic about the immediate future.

Concerning current business conditions, opinion is only marginally less favorable than the month before, but on the issue of jobs there are signs of increasing concern. In June, only 23.7% of all survey participants reported that jobs are "plentiful," a loss of over three points for the month. The number of people that say jobs are "hard to get" also increased in June.

There is also growing apprehension about the likely availability of jobs in the immediate months ahead. Those that fear that there will be "fewer jobs" in the next six months now outnumber those that expect there will be "more jobs." Usually, optimists are more numerous than pessimists in responding to this question. Also, fewer respondents than last time expect business conditions to improve. There was a small increase in the number of those that fear their personal incomes will decline over the next six months.

The decline in consumer confidence appears to be largely the result of increasing concern about jobs. Over the past three months, a growing number of people have complained that jobs are "hard to get," and there has also been rising uneasiness about employment opportunities in the immediate future. Recent employment trends lend credibility to these anxieties. Although the unemployment rate has remained constant at about 5.3% of the labor force for some time now, most of the new jobs have not been in the private sector but from the government's recruitment of a large number of temporary census enumerators. In May, nine out of ten new jobs were accounted for by the government. When the 1990 Census is completed, employment figures may look a lot less favorable. Still, while the measure of consumer confidence is now lower than it has been in more than two-and-a-half years, there are no indications of impending recession.

Fabian Linden

The Board's Consumer Confidence Index has been classified as a leading economic indicator by the U.S. Department of Commerce. The history of this series as a business-cycle indicator is now carried in that agency's monthly publication, Survey of Current Business.

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

Business Employment Income

All series seasonally adjusted	1989 June	July	Aug	Sep	Oct	Nov	Dec	1990 Jan	Feb	Mar	Apr	May(r)	Jun (p)
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	117.2	120.4	115.4	116.3	117.0	115.1	113.0	106.5	106.7	110.6	107.3	107.3	102.5
Present Situation	135.5	141.1	133.0	131.7	133.0	132.3	125.9	120.7	126.3	123.7	119.4	117.8	111.5
Expectations	105.1	106.6	103.7	106.1	106.4	103.7	104.4	97.0	93.7	101.9	99.2	100.3	96.5
Appraisal of Present Situation: Percent													
Business Conditions													
Good	28.3	31.6	27.5	27.1	28.0	26.2	25.1	22.7	25.1	24.9	23.8	23.1	22.7
Bad	17.2	15.5	17.4	16.9	16.9	15.2	17.3	18.9	18.1	19.7	19.3	19.7	20.2
Normal	54.5	52.9	55.1	56.0	55.1	58.6	57.6	58.4	56.8	55.4	56.9	57.2	57.1
Employment													
Jobs plentiful	33.2	33.1	31.6	30.4	30.4	29.6	27.0	27.2	28.1	29.2	26.6	26.9	23.7
Jobs not so plentiful	46.4	47.6	48.1	48.9	49.4	49.7	52.4	51.2	51.4	49.0	51.1	50.2	52.6
Jobs hard to get	20.4	19.3	20.3	20.7	20.2	20.7	20.6	21.6	20.5	21.8	22.3	22.9	23.7
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	20.1	18.8	18.3	18.3	19.5	17.6	18.3	17.0	16.7	19.4	17.2	18.5	17.4
Worse	8.7	8.4	8.3	7.5	7.9	8.3	8.1	9.7	11.4	9.5	9.2	9.7	10.3
Same	71.2	72.8	73.4	74.2	72.6	74.1	73.6	73.3	71.9	71.1	73.6	71.8	72.3
Employment													
More jobs	17.9	18.6	17.2	17.4	17.3	16.1	16.6	14.6	14.3	16.6	15.4	15.9	15.3
Fewer jobs	14.2	13.2	14.3	13.8	13.7	14.0	14.9	16.8	17.4	15.4	16.2	16.3	16.4
Same	67.9	68.2	68.5	68.8	69.0	69.9	68.5	68.6	68.3	68.0	68.4	67.8	68.3
Income													
Increase	27.0	27.3	26.1	28.5	27.7	29.3	30.2	28.7	26.6	27.6	29.3	26.6	26.5
Decrease	6.7	6.8	6.6	6.6	6.3	6.3	5.9	6.1	6.0	6.3	6.3	5.2	6.8
Same	66.3	65.9	67.3	64.9	66.0	64.4	63.9	65.2	67.4	66.1	64.4	68.2	66.7
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	6.7	7.1	7.4	8.1	6.7	6.9	7.1	7.5	7.6	8.1	6.2	8.3	8.1
New	3.6	3.6	4.2	3.6	3.7	3.2	3.3	4.1	3.2	4.0	3.7	4.0	3.9
Used	2.5	2.4	2.6	3.3	2.2	2.9	2.8	3.0	3.3	3.3	2.1	3.1	3.3
Uncertain	0.6	1.1	0.6	1.2	0.8	0.8	1.0	0.4	1.1	0.8	0.4	1.2	0.9
Home													
Yes	3.3	3.7	3.5	3.1	3.3	3.0	3.3	3.6	4.1	3.9	2.9	3.9	3.6
New	0.6	1.1	1.1	0.9	1.0	1.1	0.8	0.9	1.0	1.2	0.8	1.1	0.9
Lived in	1.8	1.8	1.6	1.4	1.4	1.5	1.7	1.9	1.9	1.6	1.4	2.0	1.8
Uncertain	0.9	0.8	0.8	0.8	0.9	0.4	0.8	0.8	1.2	1.1	0.7	0.8	0.9
Major appliances													
Total plans	26.8	30.5	28.3	27.4	31.1	25.7	28.8	30.8	31.5	31.9	31.3	29.5	28.7
Refrigerator	4.6	4.4	4.0	4.1	4.7	3.8	4.1	5.2	4.3	5.1	4.5	5.2	4.3
Washing machine	3.4	4.5	3.9	3.5	4.8	3.7	4.4	3.8	4.8	4.4	3.6	3.7	4.0
TV Set	5.3	8.0	6.9	6.6	7.5	6.2	7.9	7.0	7.8	7.3	7.8	6.8	6.9
Vacuum Cleaner	5.0	4.8	5.8	4.7	4.9	4.6	5.0	5.6	5.1	6.3	6.0	5.3	4.5
Range	2.5	3.3	2.5	2.4	3.3	2.8	2.3	3.3	3.1	2.9	3.5	3.0	3.2
Clothes dryer	3.7	3.3	3.3	2.8	3.9	3.1	3.4	3.3	3.7	3.8	3.8	3.3	4.0
Air conditioner	2.3	2.2	1.9	3.3	2.0	1.5	1.7	2.6	2.7	2.1	2.1	2.2	1.8
Carpet	5.9	7.6	6.9	6.0	6.9	5.8	6.4	6.2	6.9	6.5	6.2	6.2	6.5
Vacation Intended Within Six Months: Percent													
Vacation Intended	45.7		50.2		49.0		52.4		49.9		48.1		47.9
Destination													
U.S.	40.8		42.8		41.8		44.4		42.8		41.1		41.6
Foreign country	8.4		9.4		8.6		9.5		9.3		8.8		7.9
Means of travel													
Automobile	27.7		30.1		28.9		29.6		28.7		28.6		28.8
Airplane	18.4		18.8		18.0		19.7		19.6		18.8		19.4
Other	4.5		4.0		4.2		4.9		4.4		3.8		3.1

(p)—preliminary (r)—revised

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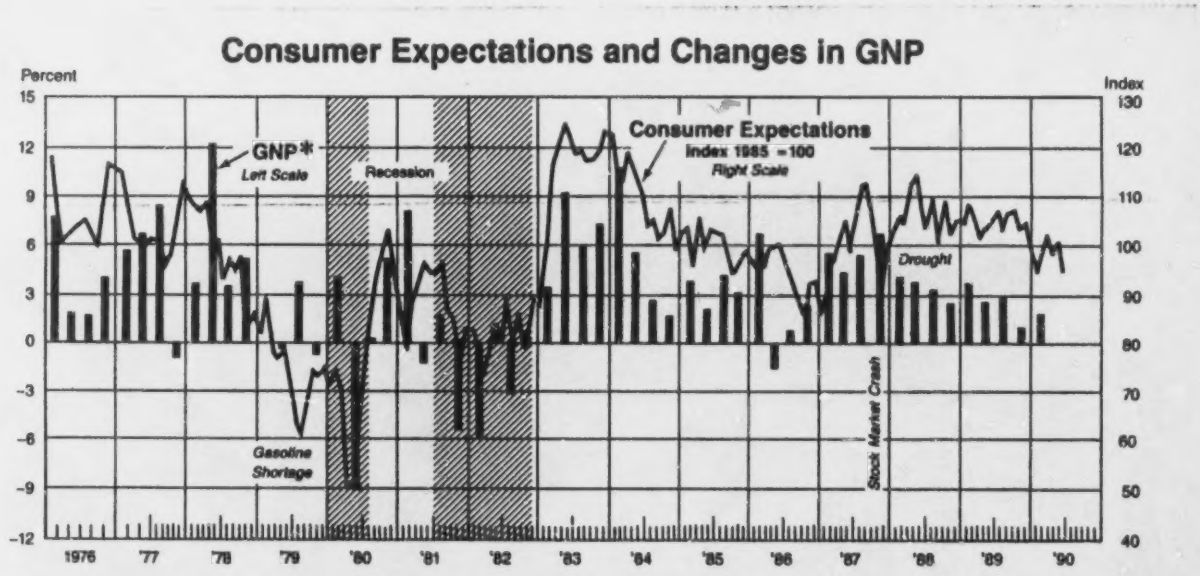
Inflation Interest Rates Stock Prices

Not seasonally adjusted	1989 June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1990 Jan.	Feb.	Mar.	Apr.	May(r)	June(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average	4.7	4.8	4.7	4.7	4.8	4.7	4.7	5.2	4.8	4.9	4.9	4.9	4.9
Interest Rates													
Higher	57.3	52.4	44.9	52.4	56.0	52.1	49.0	47.2	52.5	58.7	54.5	62.6	56.5
Same	21.5	21.6	25.1	26.4	25.6	27.7	25.9	24.1	26.0	23.9	28.2	23.2	25.0
Lower	21.2	26.0	30.0	21.2	18.4	20.2	25.1	28.7	21.5	17.4	17.3	14.2	18.5
Stock Prices													
Increase	44.0	41.0	41.8	46.0	45.0	38.0	42.2	41.6	35.0	39.0	36.8	38.7	44.0
Same	34.6	34.9	34.7	32.7	33.3	36.9	34.9	35.1	35.7	34.8	37.4	37.0	34.6
Decrease	21.4	24.1	23.5	21.3	21.7	25.1	22.9	23.3	29.3	26.2	25.8	24.3	21.4

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers: 1985 = 100	1989 June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1990 Jan.	Feb.	Mar.	Apr.	May(r)	June(p)	3 mos. Percent Change*
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	126.8	128.9	126.7	123.0	125.9	127.2	121.2	115.4	119.3	122.4	116.1	118.9	114.9	- 2.0
35-54	122.8	121.7	119.8	115.2	115.1	115.5	112.5	105.8	107.9	110.8	109.8	106.7	100.8	- 2.2
55 and over	102.6	111.9	100.8	109.1	109.0	103.7	105.3	96.5	91.3	98.4	94.3	95.2	93.0	- 1.3
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	90.3	88.9	89.6	82.3	87.9	84.7	89.4	80.9	78.1	84.5	78.7	83.2	75.7	- 2.5
$15,000-24,999	109.0	121.7	113.5	113.0	107.3	113.4	106.6	97.6	97.1	100.5	106.1	103.1	93.3	2.5
$25,000 and over	132.1	133.8	127.3	130.2	129.9	127.3	124.3	118.4	119.9	123.7	119.1	117.9	116.6	- 2.3

*Percent Change: Average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.



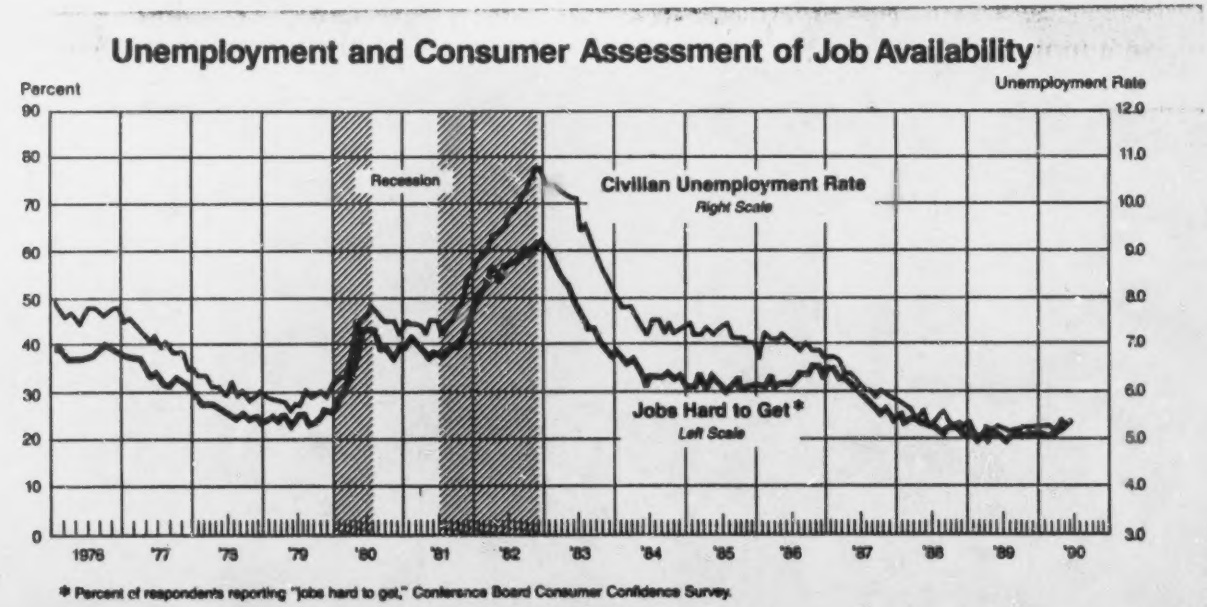
* Quarterly changes in real GNP at annual rates.

U.S. Department of Commerce; NFO Research Inc.; The Conference Board.

CONSUMER CONFIDENCE BY REGION

Seasonally unadjusted Index numbers: 1985 = 100	1989 June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1990 Jan.	Feb.	Mar.	Apr.	May(r)	June(p)	AVERAGE: Apr., May, June 1989	1990	Percent Change*
NEW ENGLAND																
Consumer Confidence Index	118.3	123.4	113.7	117.5	116.3	92.7	92.9	72.4	80.5	85.7	64.6	69.9	53.7	128.8	62.7	–51.3
Present Situation	180.0	183.9	170.0	176.7	168.2	129.8	130.3	101.3	105.4	96.8	71.9	68.2	61.1	189.2	67.1	–64.6
Expectations	77.2	83.2	76.2	78.1	81.8	67.9	68.0	53.2	63.9	78.3	59.7	71.1	48.7	88.6	59.8	–32.5
MIDDLE ATLANTIC																
Consumer Confidence Index	122.1	116.1	114.5	120.8	119.2	120.9	113.3	109.0	101.4	98.6	95.1	99.7	91.6	117.5	95.5	–18.7
Present Situation	155.9	150.1	144.5	149.8	151.1	151.9	144.2	128.7	126.6	111.1	108.9	106.6	113.9	148.1	109.8	–25.9
Expectations	99.5	93.4	94.5	101.5	98.0	100.2	92.8	95.9	84.6	90.3	85.9	95.1	76.8	97.1	86.0	–11.5
EAST NORTH CENTRAL																
Consumer Confidence Index	115.3	118.2	114.1	118.0	121.2	114.3	113.8	105.5	102.4	110.7	108.3	109.0	99.9	114.7	105.7	– 7.8
Present Situation	137.1	144.0	140.6	142.2	147.6	139.3	130.6	119.4	117.2	117.2	123.4	127.0	116.4	135.8	122.2	–10.0
Expectations	100.3	101.0	96.4	101.9	103.6	97.6	102.7	96.2	92.5	106.3	98.2	97.0	89.0	100.6	94.7	– 5.9
WEST NORTH CENTRAL																
Consumer Confidence Index	84.5	97.7	93.7	91.6	113.0	112.5	103.0	95.7	98.2	92.3	101.9	92.8	94.1	84.8	96.3	13.6
Present Situation	95.5	118.5	101.1	110.9	131.1	122.9	122.1	102.8	105.1	101.1	106.1	110.3	101.2	96.9	105.9	9.3
Expectations	77.1	83.9	88.8	78.0	101.0	105.5	90.3	91.0	93.6	86.4	99.0	81.2	89.4	76.7	89.9	17.2
SOUTH ATLANTIC																
Consumer Confidence Index	140.1	141.6	136.9	136.5	140.2	140.3	124.9	124.6	125.2	130.2	121.4	122.6	129.1	136.0	124.4	– 8.5
Present Situation	172.8	178.2	170.6	166.6	174.1	174.8	157.3	147.7	148.3	156.8	148.4	147.0	146.3	170.0	146.5	–13.8
Expectations	118.4	117.2	114.5	116.5	117.6	117.3	103.3	109.3	109.8	112.5	104.7	106.4	117.7	113.3	109.6	– 3.3
EAST SOUTH CENTRAL																
Consumer Confidence Index	100.1	103.7	88.8	101.0	101.9	104.6	99.5	90.6	87.6	101.7	91.7	79.4	86.5	98.5	85.8	–12.8
Present Situation	94.8	95.2	82.1	100.2	102.6	99.0	90.0	79.1	81.4	85.1	84.8	68.1	81.5	100.5	78.1	–22.2
Expectations	103.6	109.5	93.3	101.6	101.4	108.3	105.8	98.3	91.7	112.8	96.2	86.9	89.8	97.2	91.0	– 6.4
WEST SOUTH CENTRAL																
Consumer Confidence Index	79.0	88.5	78.4	85.9	87.5	79.7	87.5	84.7	95.6	93.2	92.0	90.5	78.1	79.6	86.9	9.1
Present Situation	46.0	59.9	41.8	45.8	47.5	54.6	48.4	43.9	58.7	57.7	60.1	58.4	48.2	43.0	55.6	29.3
Expectations	100.9	107.5	102.9	112.7	114.2	96.4	113.5	112.0	120.2	116.9	113.4	111.9	98.1	104.1	107.8	3.6
MOUNTAIN																
Consumer Confidence Index	91.7	82.5	85.6	98.2	94.0	98.2	89.7	84.3	92.8	96.2	104.3	101.0	98.2	91.6	101.2	10.4
Present Situation	70.6	68.1	71.2	87.7	70.4	74.7	58.1	53.7	69.0	68.2	74.9	82.2	75.7	74.3	77.6	4.4
Expectations	105.8	92.1	95.3	105.3	109.8	113.9	110.8	104.7	108.6	114.9	123.9	113.5	113.2	103.1	116.9	13.3
PACIFIC																
Consumer Confidence Index	134.6	135.3	133.5	135.6	142.7	134.5	132.3	134.1	138.5	139.8	126.1	127.5	118.9	133.6	124.2	– 7.0
Present Situation	171.3	171.3	170.3	173.7	178.1	167.3	169.9	166.5	174.6	167.8	160.6	165.2	150.6	170.0	158.8	– 6.6
Expectations	110.1	111.3	109.0	110.2	119.1	112.7	107.3	112.6	114.4	121.1	103.2	102.4	97.8	109.3	101.1	– 7.5

***Percent Change: Average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**



* Percent of respondents reporting "jobs hard to get," Conference Board Consumer Confidence Survey.